

**Agency Activity Inventory**  
**by Agency**  
**Appropriation Period: FY 2004-05**

**Agency:** R20 - Department of Insurance

**Functional Group:** Regulatory

**1336 Solvency Monitoring**

Monitoring the Solvency of domestic Insurers and Health Maintenance Organizations to detect as early as possible those insurers and HMO's which are financially impaired so that appropriate action can be taken to protect policyholders. (Chapter 13 of Title 38)

FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$2,287,450	\$359,873	\$0	No	\$1,927,577	20.75

**Expected Results:**

Detect financially impaired Insurers and HMO's in a timely manner and take action to prevent or limit loss to policyholders.

**Outcome Measures:**

Perform financial examinations on each domestic insurer no less than once every 5 years, and each domestic HMO no less than every three years. Participate in multi-state examinations as necessary.

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**1337 Licensing**

Review applications and issue licenses to those entities that have met the requirements for licensing. (Chapters 43 through 53 of Title 38)

FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$701,862	\$283,281	\$0	No	\$418,581	14.00

**Expected Results:**

Accurately issue licenses in a timely manner

**Outcome Measures:**

Issue producer licenses with 24 to 72 hours of receipt of properly completed paperwork. 24,082 new licenses issued during last fiscal year. Issue insurer and HMO licenses after proper analyses on financial and other pertinent information to determine compliance with SC law and ability to meet financial obligations to policyholders and enrollees. 24 new licenses issued last year.

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**1338 Taxation**

Audits premium and broker tax returns and collects insurance taxes as prescribed by the insurance statutes. (Chapters 7 and 45 of Title 38)

FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$177,073	\$169,456	\$0	No	\$7,617	4.00

**Expected Results:**

Accurately collect taxes as prescribed by the insurance statutes.

**Outcome Measures:**

Collect insurer and broker premium taxes on a quarterly basis and deposit to the general fund. Audit all returns and balance taxes to the general ledger by June 30. Generally collect approximately \$130 million in premium taxes each year.

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**1339 Consumer Services**

Assist consumers with insurance related problems and provide public information on consumer insurance issues. (38-13-70)

FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$459,573	\$162,101	\$0	No	\$297,472	13.00

**Expected Results:**

Assist consumers in a timely manner and provide public information as funding is available.

**Outcome Measures:**

Respond to and resolve consumer requests relating to insurance issues to include unfair sales and advertising practices, underwriting and claims handling practices. Approximately 56,000 written and telephonic complaints and inquiries handled during last fiscal year.

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**1340 Form and Rate review**

Ensure that policy forms are in compliance with SC laws and regulations. Ensure that rates are not excessive, inadequate, or

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unfairly discriminatory. (Chapters 55 through 73 of Title 38)

FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$542,641	\$520,847	\$0	No	\$21,794	15.25

**Expected Results:**

Insurers issue policies that are in compliance with SC laws and regulations. Timely approve or disapprove rate requests.

**Outcome Measures:**

Protect the insurance buying public by ensuring that forms are in compliance with the laws and regulations of SC, and do not contain provisions that are unfair, deceptive, misleading or discriminatory. Approximately 14,000 forms were processed during the last fiscal year. Review rates to ensure that they are reasonable, not excessive or inadequate, and not unfairly discriminatory.

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**1341 Pass through Funds**

Administer Uninsured Motorists fees and fines as required or allowed by statute. (Chapter 10 of Title 56 and 38-77-151 through 155)

FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$1,146,000	\$0	\$0	No	\$1,146,000	0.00

**Expected Results:**

Budgeted funds to pass through to the SC Reinsurance Facility to offset losses of the facility are \$87,600. Budgeted funds of \$408,400 are designated to be distributed to insurance companies to reduce uninsured motorists premiums. The remaining \$650,000 is designated under Proviso 72.47 to offset general fund budget cuts.

**Outcome Measures:**

Assessments against insurance companies to offset reinsurance facility losses have been reduced by distributions to the facility. Remaining funds are designated to offset general fund budget cuts under proviso 72.47

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**1342 Captive Formation**

Facilitate the formation and regulation of captive insurance companies domiciled in SC. (Chapter 90 of Title 38)

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FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$786,993	\$315,271	\$0	No	\$471,722	5.00

**Expected Results:**

License captive insurance companies using guidelines established by statute. Through proper analysis, the Department reviews financial and other pertinent information submitted by captive insurers applying for license in order to ensure that each company will be able to meet its financial responsibilities to its policyholders

**Outcome Measures:**

89 captive insurance companies have been licensed since passage of the formation of captives law. 40 additional companies are expected to be licensed during the next fiscal year.

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**1343 Study the Health Insurance Market in SC**

Compile statistics on the number of people in SC that have little or no health insurance and propose solutions to provide coverage.

FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$251,200	\$0	\$251,200	No	\$0	0.00

**Expected Results:**

Quantify the degree of the health insurance problem in SC and facilitate working groups to propose solutions.

**Outcome Measures:**

South Carolina was awarded a \$1,100,000 planning grant by the US Department of Health and Human Services that has allowed the Department to further study the uninsured population dynamics of South Carolina, allowing state policy initiatives to be formulated to help reduce the number of uninsured by expanding access to health insurance coverage and to stabilize rates. The Department co-hosted a symposium in August of 2003 to explore health insurance availability options in SC, during which a Congressional field hearing was held by Congressman Demint.

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**1344 Executive Services**

Provide Information and assistance to, and coordinate activities with the public, government entities, and other outside parties. Administer grants. Perform special projects. (38-1-20(16))

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FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$487,432	\$472,737	\$0	No	\$14,695	6.00

**Expected Results:**

Timely provide requested information and assistance. Administer grant programs in accordance with applicable law and regulations. Maintain efficient coordination of activities with other agencies and outside parties.

**Outcome Measures:**

Effectively and efficiently managed the day to day operations of the agency, provided assistance to legislators and their constituents, successfully managed grants received by the agency, facilitated all NAIC projects, meetings, and conferences, and handled all media contacts within properly established timeframes

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### 1345 Legal and Investigations

Initiate enforcement or administrative disciplinary action against entities charged with violating insurance laws. Draft legal documents and legislation. Provide advice and counsel to outside parties and internally with regard to insurance laws. (38-13-70, 38-25-520)

FY 2004-05					
Total	General Funds	Federal Funds	FM	Other Funds	FTEs
\$607,541	\$587,634	\$0	No	\$19,907	10.00

**Expected Results:**

Accept service of process, respond to FOI requests, provide formal interpretation of SC insurance law, investigation of violations of SC law, impose administrative disciplinary action where necessary, and represent the agency in various state and federal proceedings

**Outcome Measures:**

The legal division received 3,682 summons and complaints in civil actions to be served on insurers transacting business in SC, responded to 155 FOI requests, handled 236 requests for a formal interpretation of SC insurance law, closed 376 investigation files resulting in \$1,012,345 in administrative fines for the general fund, and represented the agency in 19 cases brought before the Administrative Law Judge during the last fiscal year.

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### 1346 Administration

Administration of the Agency including human resources, management, finance and accounting.

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<b>Total</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>FM</b>	<b>Other Funds</b>	<b>FTEs</b>
\$612,734	\$583,396	\$0	No	\$29,338	19.00

**Expected Results:**

Handle administrative duties in an accurate and timely manner

**Outcome Measures:**

**AGENCY TOTALS**

*Department of Insurance*

<b>TOTAL AGENCY FUNDS</b>	<b>TOTAL GENERAL FUNDS</b>	<b>TOTAL FEDERAL FUNDS</b>	<b>TOTAL OTHER FUNDS</b>	<b>TOTAL FTEs</b>
\$8,060,499	\$3,454,596	\$251,200	\$4,354,703	107.00